



The Public Service Commission State of South Carolina

Jocelyn Boyd
Chief Clerk/Executive Director
Phone: (803) 896-5100
Fax: (803) 896-5246

COMMISSIONERS
Justin T. Williams, Sixth District
Chairman
Florence P. Belser, Second District
Vice Chair
Carolyn L. "Carolee" Williams, First District
Stephen M. "Mike" Caston, Third District
Thomas J. "Tom" Ervin, Fourth District
Headen B. Thomas, Fifth District
Delton W. Powers, Jr., Seventh District

Clerk's Office
Phone: (803) 896-5100
Fax: (803) 896-5199

December 17, 2020

NOTICE REGARDING PUBLIC UTILITY REGULATORY FINANCE CONCEPTS EDUCATIONAL SEMINAR

Please take notice that an educational seminar by the National Regulatory Research Institute (NRRI) regarding Public Utility Regulatory Finance Concepts will be held on **Wednesday, December 30, 2020 at 9:30 a.m. to 2:00 p.m.** in the Commission's Hearing Room.

The training is available to the public via the Commission's Livestream at <https://www.scetv.org/live/public-service-commission>.

The Agenda for the Training is attached.

NRRI

Technical Proposal for Finance Course

Public Service Commission of South Carolina

December 30, 2020

I. Training Plan

Learning Objective: Provide an overview of the role of utility finance in the regulatory process, the impact of PUC decisions on the cost of money for utilities, and an introduction to methods for estimating the allowed cost of equity.

Course structure: NRRI will provide a live, remotely broadcast educational seminar on December 30, 2020. The material will be organized into four lessons as shown in the outline below. Each will consist of between 35 and 45 minutes of lecture and demonstration followed by questions and discussion.

Course Outline:

- I. Utility Finance and the regulatory compact
 - a. The regulatory compact
 - i. Obligations
 - ii. How utilities make money
 - b. Supreme Court precedent
 - c. The fundamental rule of ratemaking and the cost of money
- II. The role of debt v. equity
 - a. Differential treatment in the revenue requirement
 - i. Tax implications
 - b. Optimal mix of debt and equity
- III. Factors affecting the cost of money
 - a. Utility ratings
 - b. Prudence disallowance
 - c. Decoupling
 - d. Formula ratemaking
- IV. Estimating the cost of equity
 - a. Overview of different methods
 - b. Information requirements of different methods